

Report From The President

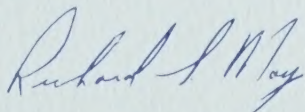
Consolidated sales volume shows an increase of 6% over the comparative figure for this period in the preceeding year. Consolidated earnings for the six month period ended October 31st, 1975 amounted to \$70,145 after providing for income taxes.

The increases sales volume with comparative earnings illustrates the greater competitive forces particularly active in the construction industry during this period. In my previous report this trend was forecast and during this period management have endeavoured to be selective with the object of obtaining profitable projects rather than pursue a greater increased sales volume. This objective will have the additional benefit of control of personnel level and administrative costs.

Changes in industry conditions resulted in a reduced contribution to earnings by our sheet metal division. This operation is being changed with consideration of adding the manufacture of specialty items related to our industry.

It is encouraging to note the increase in the working capital position which can be attributed to improvements made in our administrative procedures.

Our East Coast service operation has shown a most encouraging growth and the contract division is increasingly successful in obtaining projects. The sales program at Head Office is strengthening and reaching a broader area in the Ontario and Quebec regions. The contracts on hand and those now being bid on encourage me to look forward to the balance of the fiscal year being equally profitable.



Richard S. May,
President

January 19th, 1976

HEAD OFFICE: 1050 McNICOLL AVENUE
AGINCOURT, ONTARIO

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PRO AIR SYSTEMS (1972) INC.

Interim Report

For The Six Months Ended
October 31, 1975

Pro Air Systems (1972) Inc.

Interim Consolidated Statement of Earnings

For the Six Months Ended October 31, 1975

	1975	1974*
sales	<u>\$2,305,919</u>	<u>\$2,170,544</u>
Cost of sales, selling, general and administrative expenses	2,169,977	2,002,897
Interest on short term debt	21,547	23,544
Depreciation and amortization	7,550	7,714
Amortization of deferred charges	5,700	6,500
	<u>2,204,774</u>	<u>2,040,655</u>

earnings from operations	101,145	129,889
Income taxes	<u>31,000</u>	<u>56,286</u>

Net Earnings for the Period	<u>\$ 70,145</u>	<u>\$ 73,603</u>
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earnings per common share:	15¢	16¢
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Prepared without audit

Pro Air Systems (1972) Inc.

Interim Consolidated Statement of Changes in Financial Position

For the Six Months Ended October 31, 1975

	1975	1974*
source of funds		
Net earnings for the period	\$ 70,145	\$ 73,603
Expenses not requiring the use of funds:		
Depreciation and amortization	13,250	14,214
Deferred income taxes	—	(9,375)
Funds from operations	<u>83,395</u>	<u>78,442</u>
Increase in long-term debt	—	5,563
Repayment of advance to associate company	—	7,600
	<u>—</u>	<u>13,163</u>
Total	<u>83,395</u>	<u>91,605</u>

use of funds		
Purchase of goodwill on acquisition	—	10,000
Purchase of fixed assets, including acquisition	743	23,315
Reduction in long term debt	12,120	—
Purchase of investment	—	990
	<u>12,863</u>	<u>34,305</u>

increase in working capital	70,532	57,300
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working capital, beginning of period	<u>322,395</u>	<u>300,519</u>
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working capital, end of period	<u>\$392,927</u>	<u>\$357,819</u>
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*The 1974 comparative figures have been restated.

Prepared without audit